INCOMING TELEGRAM — Department of State — ACTION COPY

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Control: 348
Rec'd: July 1, 1954
1:16 p.m.

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FROM: San Salvador

TO: Secretary of State

NO: 2, July 1, 8 a.m. (SECTION I)

NIACT

SENT DEPARTMENT 2, REPEATED NIACT GUATEMALA 3:

Discussions behind closed doors between Castillo Armas Monzon, President Osorio and Peralta Salazar, President Legislative Assembly continued from 8:10 p.m. until approximately 3:45 a.m.

President Osorio subsequently explained he had taken for basis discussion existence two de facto governments in Guatemala. Three basic proposals were made by Salvador, one by Monzon and one by Castillo Armas. Other proposals of lesser importance were discussed but left without final decision.

Salvadoran proposal was that a plebiscite be held within shortest possible period thus not (repeat not) allowing Communists now disordered or fleeing from country to take advantage of situation. Date of plebiscite was to be fixed by Castillo Armas. Plebiscite was to be supervised by mixed commissions composed equal number members both parties. Guatemalan people would be asked vote for Castillo Armas or junta. If vote favorable Castillo Armas, he would be given all powers and rights of chief of state and would not be obligated to convoke elections until country had returned to normal and on date he alone would determine. If vote favorable to junta it would convoke elections for a Constituent Assembly or to elect a President. In latter case Monzon would not (repeat not) be a candidate.

Second proposal was advanced by Monzon. It provided for increasing junta to five members with assurance that at a later prudent date to be selected by Castillo Armas latter could appoint additional member replacing one member who would retire. Monzon stated he would leave with President Osorio written resignation to take place when Castillo Armas determined waus* Castillo Armas would eventually have majority.

Third proposal presented by Castillo Armas provided for unification of two governments on basis of a lengthy list of conditions and provided this arrangement accepted by Army in which case

Castillo Armas

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
JUL 1 1954

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Castillo Armas would be named Chief of the Armed Forces and political chief of the republic. The unification would be based on joint declaration that the two governments seek the same basic purposes.

MCDERMOTT

SW:BD/8

* As received. Will be serviced upon request.

NOTE: Advance copy to Mr. Leddy (MID) 7/1/3:40 p.m. BH

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Control: 437
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6:53 p.m.

DEPARTMENT OF STATE
BUREAU OF
INTER-AMERICAN AFFAIRS
JUL 2 - 1954

FROM: San Salvador

TO: Secretary of State

NO: 2, July 1, 8 a.m. (SECTION 2)

NIACT

SENT DEPARTMENT NIACT 2, REPEATED NIACT GUATEMALA 3.

Salvadoran proposal for a plebiscite was unconditionally accepted without delay by Monzon. After discussion it was accepted in principle by Castillo Armas. Subsequently, however, Juan Cordova Cerna, adviser to Armas, was called in and expressed grave doubts regarding feasibility or desirability hold plebiscite at this time. Maintained Communists had only temporarily gone to ground and their influence in plebiscite could jeopardize all Castillo Armas accomplishments.

Second proposal which was made by Monzon was not accepted by Castillo Armas as apparently not (repeat not) giving him sufficient immediate leadership.

The third proposal presented by Castillo Armas was not accepted by Monzon.

President said he regarded Castillo Armas as definitely the more recalcitrant of the two. He said Monzon had accepted the Salvadoran proposal and had advanced one of his own. Castillo Armas had only conditionally accepted Salvadoran proposal and had not followed through in subsequent discussions, consequently Castillo Armas had been agreeable to only one which was his own.

President said no further conversations would be held in San Salvador as both protagonists are returning to the respective headquarters. Existing truce or cease-fire had been extended to expire 9:00 a.m. July 2, after which hour Castillo Armas could presumably take whatever military action he desired. Osorio said he was exceedingly sorry personal ambitions had prevented solution of problem of gravest importance to Guatemala and Central America. He said, however, there was nothing further he could do and matter of any other possible solution could now only rest with United States as one of the two mediators. The President was informed we are not (repeat not) of view mediation was involved but rather an extension of good offices to assist both parties to reach a solution through personal discussions. President conceded that our view was correct interpretation of previous conversations.

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Monzon

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Monzon returning Guatemala air attache plane departing here 8:00 a.m. and Castillo Armas by his own plane to Chiquimula at approximately same hour.

General feeling intense disappointment among numerous diplomats and others including all high officers Salvadoran army who were present at Presidential Palace throughout night.

Entire foregoing explanation conveyed to me by President in strictest confidence as details at close of meeting known only to four participants and in part to one or two advisors.

President has just telephoned asking me to see him at 8:30 a.m. Will report immediately thereafter.

MCDERMOTT

RSP:MS/5

NOTE: Mr. Fisher (MID) informed 6:30 p.m. 7-1-54 CWO/FED